

# LYNCHBURG CITY COUNCIL

## Agenda Item Summary

MEETING DATE: **August 10, 2004, Work Session**

AGENDA ITEM NO.: 9

CONSENT:

REGULAR: **X**

CLOSED SESSION:

(Confidential)

ACTION:

INFORMATION: **X**

ITEM TITLE: **Medical/Dental Plans**

RECOMMENDATION: N/A

SUMMARY: For the past six months, City staff has worked closely with Lynchburg City Schools staff to analyze the feasibility of combined medical/dental coverage for the two organizations. Working with consultants from Palmer & Cay, staff distributed a Request for Proposals (RFP) for joint purchase of medical, pharmacy and dental administrative services. While we are not able to achieve our overall objective of combining the plans this year, we have made substantial progress toward that goal. We have agreed in principle to combined coverage and expressed a commitment to put together an action plan and timeline to implement joint plans in October 2005. There are issues of administration, plan design and coverage tiers that will take a bit more time and discussion to work our way through.

As the first step toward achieving our long-term goal, we plan to implement a City/Schools joint Dental plan as of October 1, 2004. In addition, each organization will use the same administrators for medical and pharmacy administration even though the plans will not be combined. Piedmont Community Health Plan (PCHP) will continue to administer both the City and the Schools medical plans under each organization's existing plan design. Systemed, a subsidiary of the Medco Health Solutions, Inc., will administer the pharmacy coverage, under the existing plan design. The combined plan for dental coverage will be administered by Delta Dental.

Despite the challenges of combining plans, opportunities clearly exist for long term benefits through collaboration with the City Schools. Advantages of combined plans and joint purchase of services include reduced reinsurance rates, lower overall claims costs, better leverage with vendors and more predictability in costs from year to year.

FISCAL IMPACT: Financial details are being finalized but FY05 appropriations are expected to fund the costs of the coverage. As is always the case with the City's self funding, unusual or unexpected claims may cause our costs to exceed projections.

CONTACT(S): Margaret Schmitt, Karen Loughney

ATTACHMENT: Summary of changes.

REVIEWED BY: lkp

## Summary of Changes

School Changes		City Changes	Comments
		Plan year to Oct 1 – Sept 30	All plans: open enrollment opportunity in late August: matches Schools' plan year
<b>Combined Dental – Delta Dental</b>			
Increase eligibility to age 23 for dependents regardless of student status		Add Orthodontic coverage for members <19	New benefit for City employees
Decrease member co-pay on major dental work from 50% to 40%		Increase deductible from \$100 for family to \$150 max for family	Matches Schools' deductible
Cover sealants – 1 per tooth every 3 years under age 16		Change fluoride allowance from 2 in 12 months to 1 in twelve months	Follows Delta Dental's recommended protocol
Bite Wing X ray- reduce coverage to once every 12 months		Bite Wing X ray- reduce coverage to once every 12 months	Follows Delta Dental's recommended protocol
Orthodontics – add 12 month waiting period		Add a 12 month waiting period for major services and orthodontic services for those hired on or after 10/1/04	
<b>Medical – PCHP</b>			
Require pre-authorization of medical necessity for gastric bypass and tummy tuck		Require pre-authorization of medical necessity for gastric bypass and tummy tuck	
<b>Pharmacy – Systemed (Medco)</b>			
		Contraceptives covered if medically necessary	